



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 12/18/2002

GAIN Report #RP2084

## **Philippines**

### **Grain and Feed**

#### **Rice Import Guidelines Released**

**2002**

Approved by:

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**US Embassy**

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#### **Report Highlights:**

**The National Food Authority has issued the rice import guidelines for CY2003. The guidelines give preferential treatment to farmers and farmer organizations and take effect Dec. 31, 2002. Post expects the Philippines to import at least 800,000 MT of rice next year.**

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Includes PSD changes: No

Includes Trade Matrix: No

Unscheduled Report

Manila [RP1], RP

In line with the order President Gloria Macapagal-Arroyo's to allow the private sector to import rice, the National Food Authority (NFA) recently issued the rice import guidelines for next year. The guidelines remove the NFA's monopoly over rice importation by allowing the private sector (with preference to farmers and farmer groups) to participate in the importation process. The guidelines take effect Dec. 31, 2002. Post expects the country to import at least 800,000 MT of rice in 2003.

The following is the full text of the rice import guidelines which is designated as Letter Circular No. A0-2K2-12-001, dated Dec. 13, 2002.

**NATIONAL FOOD AUTHORITY  
QUEZON CITY**

LETTER CIRCULAR  
NUMBER A0-2K2-12-001  
DATE: Dec. 13, 2002

TO : ALL RICE IMPORTERS, WHOLESALERS, MILLERS,  
WAREHOUSEMEN AND RETAILERS

FROM : THE ADMINISTRATOR  
National Food Authority

SUBJECT : RULES AND REGULATIONS GOVERNING FARMER  
AND OTHER SECTORS PARTICIPATION IN THE  
IMPORTATION OF RICE FOR THE YEAR 2003

Pursuant to the powers granted to the National Food Authority (NFA) under Presidential Decree No.4 as amended, to establish rules and regulations governing the importation of rice and by virtue of NFA Council Resolution No. 14-2K2 dated 23 October 2002, this Circular is hereby issued for the information and compliance of all concerned.

**A. General Principles for 2003 Rice Importation**

Rice importations under this Circular shall be undertaken under a regime with Quantitative Restrictions in place. However, instead of NFA issuing import permits, (all rice importations other than NFA issuing import permits) all rice importations other than NFA's shall be covered by Letters of Credit (LCs) to be opened initially only with Land Bank of the Philippines (LBP). Any entity intending to import rice in 2003 shall first secure a license from NFA as importer to avail the privilege to engage in the business of importing rice. All importations shall be subject to payment of tariffs and other fees that may be required. However, NFA shall not impose an equalization fee for year 2003 importation.

**B. Opening of Letter of Credit**

Interested rice importers shall open their LCs with the LBP only.

1. For the first quarter volume, the LCs shall be opened with LBP on January 16 to February 15, 2003. Farmers and Farmer Organizations (FOs) will be allowed the privilege of opening LCs on January 16-31. The unavailed balance shall only be made available to all importers on February 1-15, 2003.

2. For the second quarter volume, the LCs shall be opened with the LBP on April 1-30, 2003. Farmers will be allowed the privilege of opening LC on April 1-15. The unavailed balance shall be made available to all importers on April 16-30, 2003.

#### C. Arrival of Importation

The first quarter volume should arrive on or before March 31, 2003. The second quarter volume should arrive on or before June 30, 2003. All legally imported rice that arrive beyond the dates prescribed above shall be subject to a penalty of fifty percent (50%) of the landed cost of the rice payable to the NFA. Half of the amount to be collected from the penalty shall be set aside for the payment by NFA to the Bureau of Customs as (partial) payment for the Agency's outstanding account. Rice cargoes must be inspected both at the load port and discharge port by surveyor to be appointed by the importer from a list to be provided by NFA. The surveyor's services shall be for the account of exporter and/or importer.

#### D. Distribution of Importation

In the event that NFA is unable to domestically procure its required buffer, it will source the needed volume from imports. The balance is what will be imported by other sectors. The volume of rice to be imported per quarter will be announced by NFA three (3) weeks prior to the first day of LC openings for each quarter.

#### E. Priority of Importation

The allocated first and second quarter importation shall be made on a first come first serve basis. Accordingly, LBP shall cease issuing LCs once the NFA prescribed volume per quarter has been fully served. Each applicant (person or entity) shall import not exceeding Ten Thousand Metric Tons (10,000MT) for the whole year 2003.

Aside from the penalty stipulated above, non-compliance with this circular shall subject the offender, upon conviction, to an imprisonment or a fine, or both such fine and imprisonment at the discretion of the court pursuant to Section 29 of Presidential Decree No.4. The offender shall also be subject to administrative proceedings where the penalty of suspension and/or cancellation of his/her NFA license shall be imposed. The NFA may issue a cease and desist order pending the termination of the administrative case.

If the violation is committed by a corporation, partnership, cooperative or association, the penalty shall be imposed upon the Chairman, President, Directors, Managers, as the case may be, or other officials thereof responsible for such violation.

This Letter-Circular shall take effect fifteen (15) days following its publication once in a newspaper of general circulation and filing within the UP Law Center.

(Sgd.) ARTHUR C. YAP  
Administrator